

I am writing to you in regards to the recent Fed Proposal regarding YSP. I was one of a few people who met with you in the beginning of 2008 with other National Association of Mortgage Broker representatives. At the time, you had expressed concern regarding YSP. The general concern was that brokers tell the borrower that they will shop multiple lenders for them and then borrowers stop shopping. The brokers are then incentivized through Yield Spread Premium (indirect compensation) to overcharge the borrower. In that same meeting it was agreed that when a borrower applies for a mortgage they are uncertain as to the capacity in which the facilitator is acting. Attached, please find two things. One attachment is advertisements of multiple banks and/or credit unions who offer a "Best Rate Guarantee". This is the exact anecdotal example communicated at the meeting regarding mortgage brokers. The second attachment is a copy of a brochure at Bellwether CU who actually has boxes of these in their lobby in Manchester, NH. In regards to Bellwether CU, I have recently closed two loans, one refinance and one purchase, for borrowers who shopped to Bellwether and choose my company because we were cheaper. I can provide further documentation and verification with the borrowers if necessary. I am writing to you because I believe it to be entirely hypocritical to allow these practices at these institutions while through regulatory audits by individual state banking departments, these practices are already not allowed for mortgage brokers. In a recent State of Massachusetts and State of New Hampshire audit we were instructed that such advertisements were not allowed. With the S.A.F.E licensing Act, our industry has already begun to weed the unethical players from the industry. Mandatory background checks, minimum credit requirements, loan officer education and testing requirements including mandatory sections on state and federal law have created barriers to entry to our industry for unscrupulous players. It has also forced current unscrupulous players out. Other facilitators are not required to adhere to these requirements. I welcome these requirements and feel it is long overdue. However, I also feel that as this new oversight is enacted for mortgage brokers, why is it that the Fed is now again considering alterations for our ability to be indirectly compensated which in essence offers borrowers choice as pointed out on the New GFE taking effect January 1st 2010. The new GFE requires us to disclose three mortgage options consisting of loans that require high upfront costs, average upfront costs and limited upfront costs. The second two options will NOT be able to be offered if YSP is altered or eliminated. In the end, it is the consumer who is being hurt by limited choice and less competition. Please consider my comments before making such a rash decision that will hurt consumers.

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Oh, by the way...I am never too busy for your referrals. If you know of anyone who is need of residential or commercial property financing, I would be glad to assist them!